

DHFL/CSD/2020-21/1860

27 August 2020

The Manager Listing Department The BSE Limited. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.	The Manager Listing Department National Stock Exchange of India Limited, 'Exchange Plaza', C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai – 400 051
<b>Stock Code : 511072</b>	<b>Stock Code : DHFL</b>

**Sub: Presentation covering update on Financial Results for the quarter ended on 30<sup>th</sup> June, 2020**

**Ref: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith a presentation covering the update on the unaudited financial results of the Company for the quarter ended on 30<sup>th</sup> June, 2020.

We are also uploading the said presentation under the investors section of the website of the Company viz., [www.dhfl.com](http://www.dhfl.com).

We request you to kindly take the same on record.

Thanking you,

Yours sincerely,  
for Dewan Housing Finance Corporation Limited

S. N. Baheti  
Company Secretary  
ACS : 5535



# Update on Q1FY21 Results



August 2020

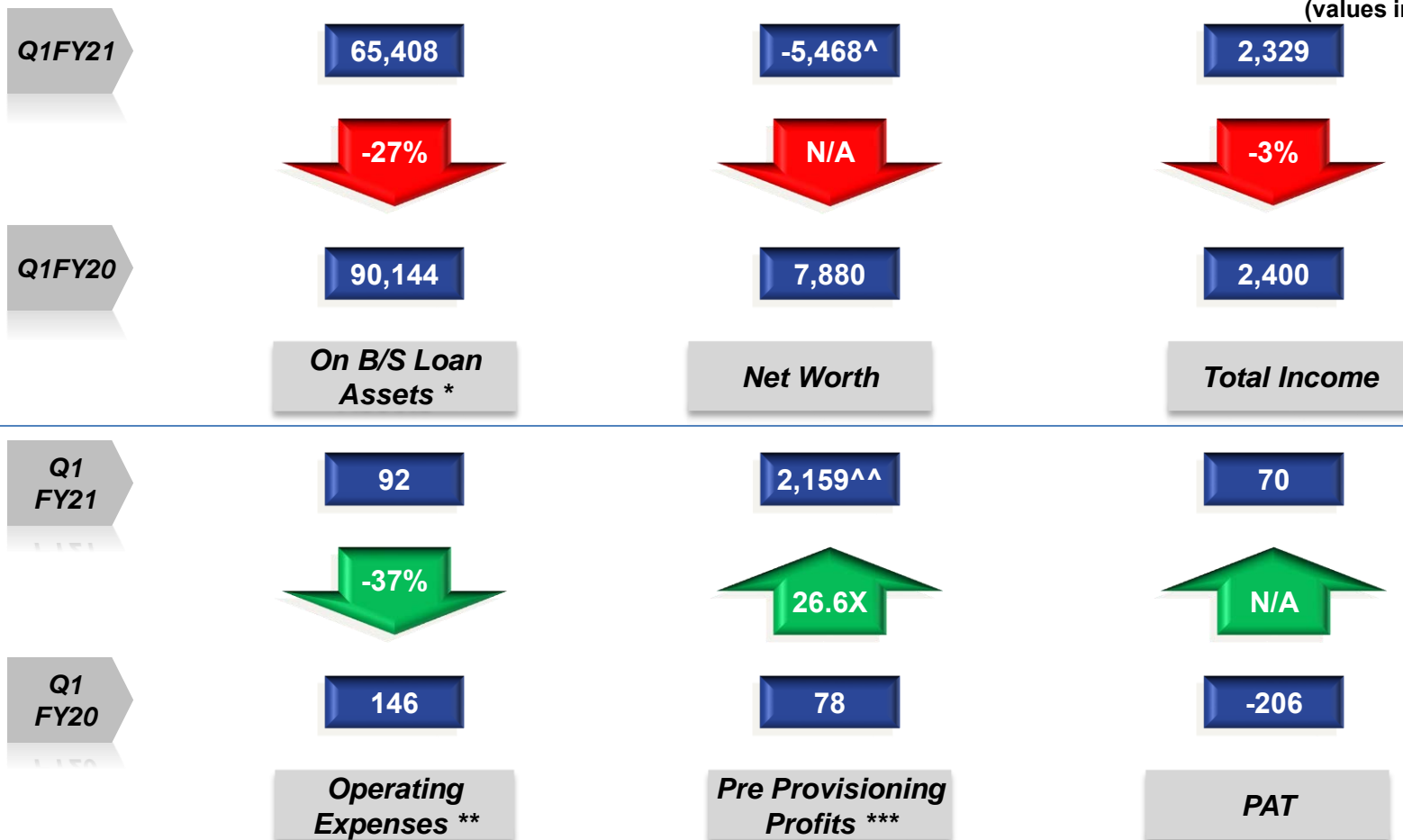
# Section 1

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## Q1FY21 Earnings Update

# Financial Performance – Q1 FY21

(values in Rs crore)



\* Loans Assets are net of provisions/fair value loss and include interest receivable on NPA and PEMI/EML receivable

\*\* Operating Expenses includes Salary Expense and Other Expenses (excludes Depreciation)

\*\*\* Pre Provisioning Profits is Total income net of Interest Expenses, Operating Expenses and Depreciation

<sup>^</sup> Net Worth as on 30 Jun 2020 increased by Rs 3,112 cr due to non accrual of interest expenses under CIRP (qtr wise impact on Net Worth: +Rs 392 cr in Q3FY20, +Rs 1,364 cr in Q4FY20 and +Rs 1,356 cr in Q1FY21)

<sup>^^</sup> Pre Provisioning Profits for Q1FY21 increased by Rs 1,824 cr due to non accrual of interest expenses under CIRP

# Profit and Loss Statement (Standalone)

(values in Rs crore)

	Reported P&L			P&L after adding back interest expenses not accrued under CIRP		
	Q1FY21	Q4FY20	Q1FY20	Q1FY21	Q4FY20	Q1FY20
<b>Gross Income</b>	<b>2,329</b>	<b>2,392</b>	<b>2,400</b>	<b>2,329</b>	<b>2,392</b>	<b>2,400</b>
Interest Expenses	58	133	2,159	1,881	1,967	2,159
Operating Expenses	92	104	146	92	104	146
Depreciation & Amortisation	20	40	17	20	40	17
<b>Pre Provisioning Profits</b>	<b>2,159</b>	<b>2,115</b>	<b>78</b>	<b>335</b>	<b>281</b>	<b>78</b>
Write Off & Provisions	2,066	12,412	277	2,066	12,412	277
Profit/(Loss) Before Tax	93	(10,297)	(199)	(1,731)	(12,131)	(199)
<b>Profit/(Loss) After Tax</b>	<b>70</b>	<b>(7,635)</b>	<b>(206)</b>	<b>(1,286)</b>	<b>(8,999)</b>	<b>(206)</b>
Total Comprehensive Income	70	(7,486)	(224)	(1,287)	(8,850)	(224)

Impact of non accrual of interest expenses under CIRP

- In Q4FY20: Rs 1,834 cr (Gross)/ Rs 1,364 cr (Net)
- In Q1FY21: Rs 1,824 cr (Gross)/ Rs 1,356 cr (Net)

# Key Financial Ratios

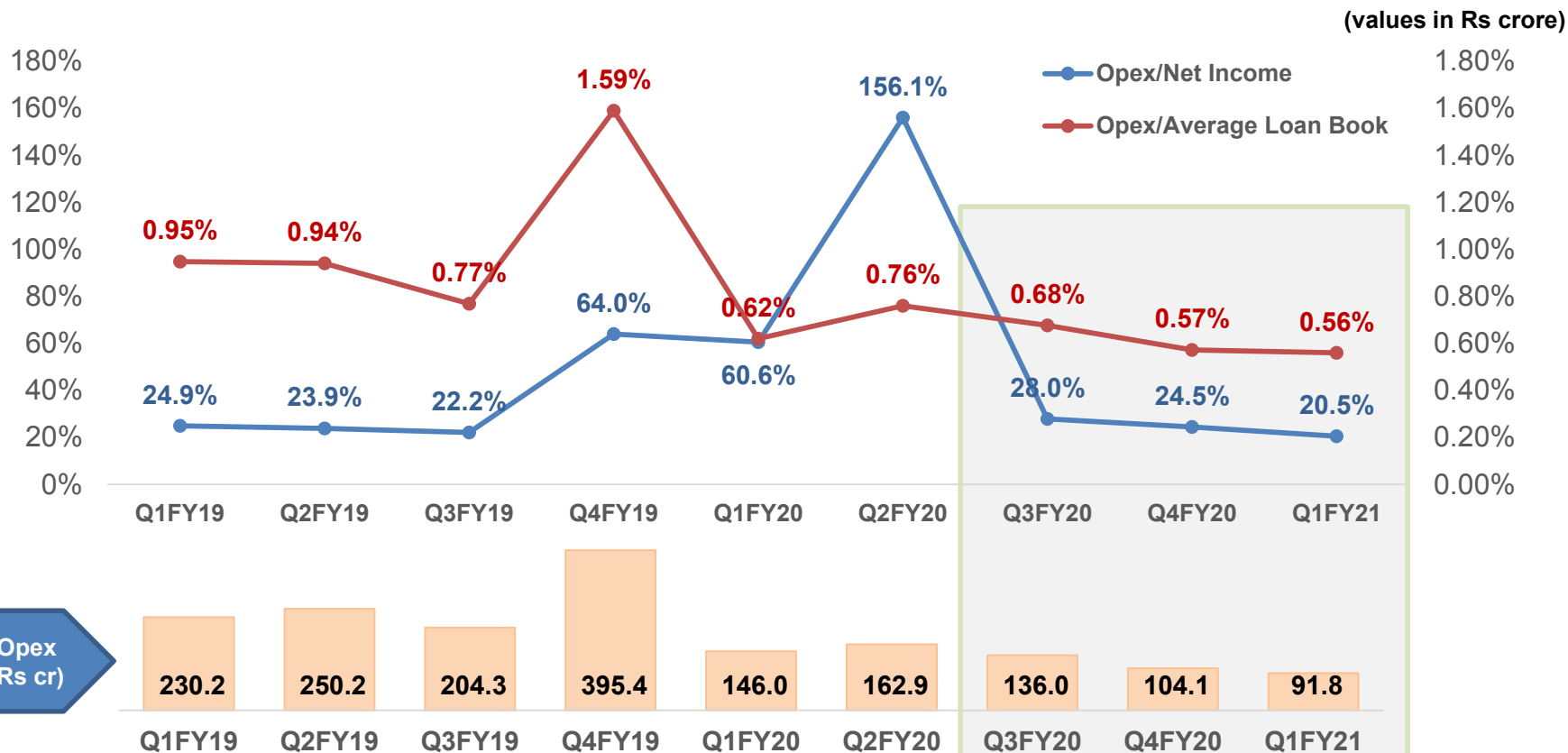
(values in Rs crore)

	Q1FY21	Q4FY20	Q1FY20		FY20	FY19
Net Worth - Closing	(5,468)	(5,538)	7,880		(5,538)	8,102
Loan Assets – Closing *	65,408	66,203	90,144		66,203	97,978
Total Assets - Closing	85,698	85,838	1,06,475		85,838	106,475
<b>RATIOS BASED ON REPORTED FINANCIALS</b>						
Net Interest Margin (NIM)	13.7%	12.3%	0.9%		4.3%	3.3%
Opex/Net Income Ratio	4.0%	4.6%	60.6%		15.2%	30.8%
Return on Loan Assets (RoA)	0.4%	-42.0%	-0.9%		-16.6%	-1.1%
Return on Equity (RoE)	-	-	-10.3%		-1061.8%	-12.0%
<b>RATIOS BASED ON NORMALISED INTEREST EXPENSES **</b>						
Net Interest Margin (NIM)	2.6%	2.2%	0.9%		1.4%	3.3%
Cost/Net Income Ratio	20.5%	24.5%	60.6%		43.7%	30.8%
Return on assets (RoA)	-7.8%	-49.5%	-0.9%		-18.7%	-1.1%
Return on equity (RoE)	-	-	-10.3%		-3804.1%	-12.0%

\* Loan Assets are net of provisions/fair value loss and include interest receivable on NPA and PEMI/EMI receivable

\*\* Interest expenses (normalised) adds back the interest expenses not accrued under CIRP. Amount in Q4FY20: Rs 1,834 cr (Gross)/ Rs 1,364 cr and in Q1FY21: Rs 1,824 cr (Gross)/ Rs 1,356 cr (Net)

# Operating Expenses Trend



**Expenses reduced and stabilized during CIRP period (post 03 Dec 2019)**

Opex includes Salary Expense and Other Expenses (excludes Depreciation)

Opex /Net Income Ratio:  $\text{Opex} / (\text{Total Income Less Interest Expenses (normalised)})$

Opex /Average Loan Book:  $\text{Opex} / \text{Average of Opening and Closing On B-S Loan Assets}$

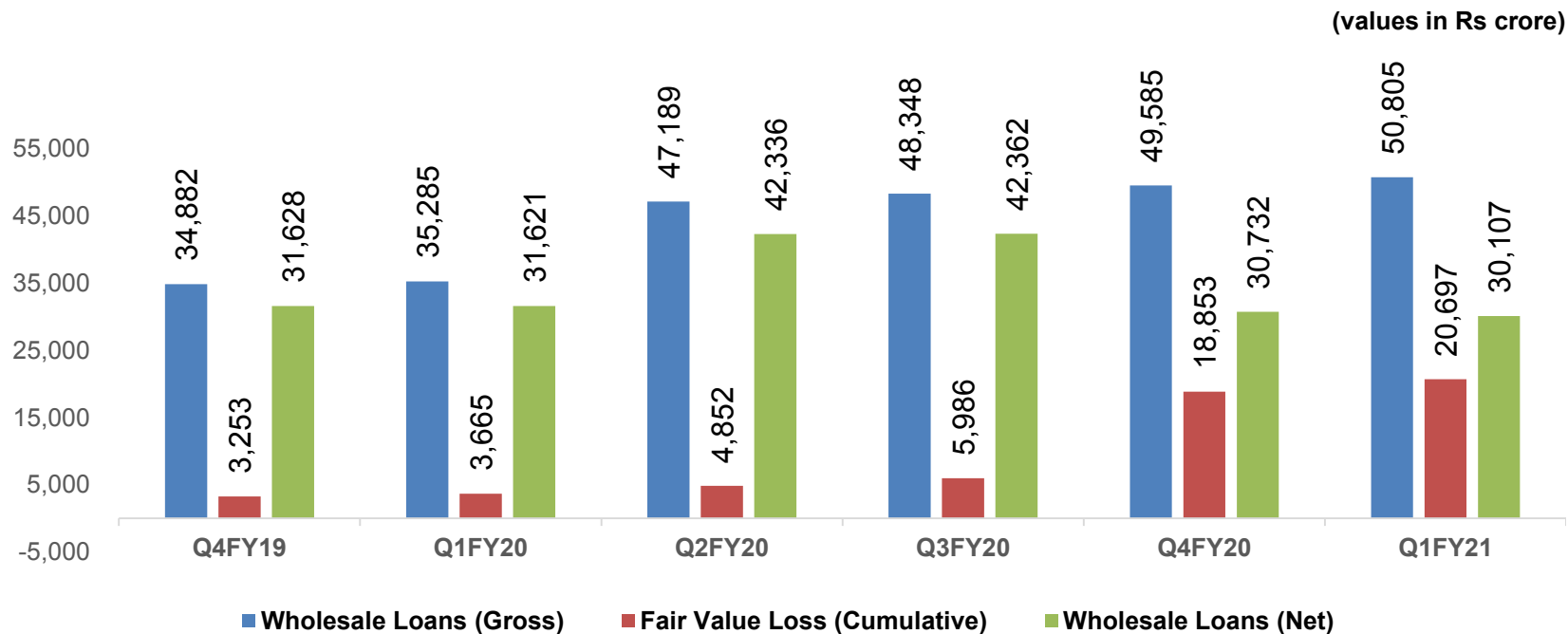
Interest expenses (normalised) adds back the interest expenses not accrued under CIRP (Amount in Q3FY20: Rs 528 cr; Q4FY20: Rs 1,834 cr; Q1FY21: Rs 1,824 cr)

# Fair Valuation of Wholesale Loans

## Fair valuation methodology

Wholesale loans of Rs 50,805 cr (Gross) held for sale and fair valued

**Basis for fair valuation changed from DCF based on contractual cash flow to DCF based on cash flow assessed by external registered valuer**





# Section 2


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Key Developments since Nov '19


# Appointment of New Management Team

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RBI superseded the Board of Directors of DHFL and appointed Mr. R. Subramaniakumar as the Administrator of the Company wef. 20 Nov '19




Administrator took charge of affairs; RBI appointed 3 member Advisory Committee to assist the Administrator



Hon'ble NCLT Mumbai bench initiated the CIRP in respect of DHFL on 03 Dec '19



Administrator appointed KMPs and advisors to assist him and ensure the company operates as a going concern



Regular Advisory Committee Meetings being conducted

# Strength of the Retail Loan Franchise

2



Pan India network of more than 250 branches with deep penetration in Tier 2 / 3 / 4 towns

3



Strong presence in affordable housing space (one of largest financiers availing PMAY CLSS scheme)

1

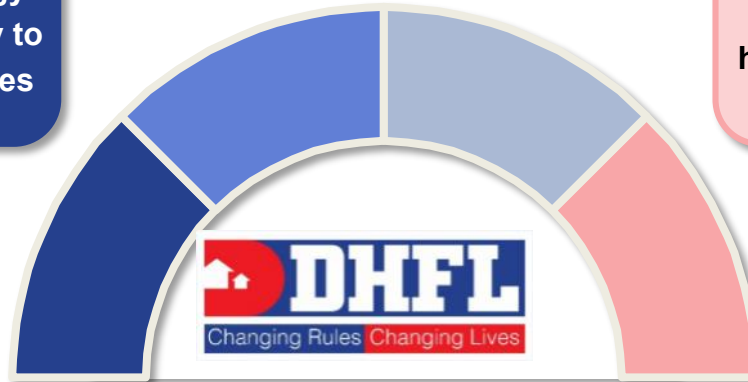


Existing credit and technology platform with tested capability to manage high business volumes

4

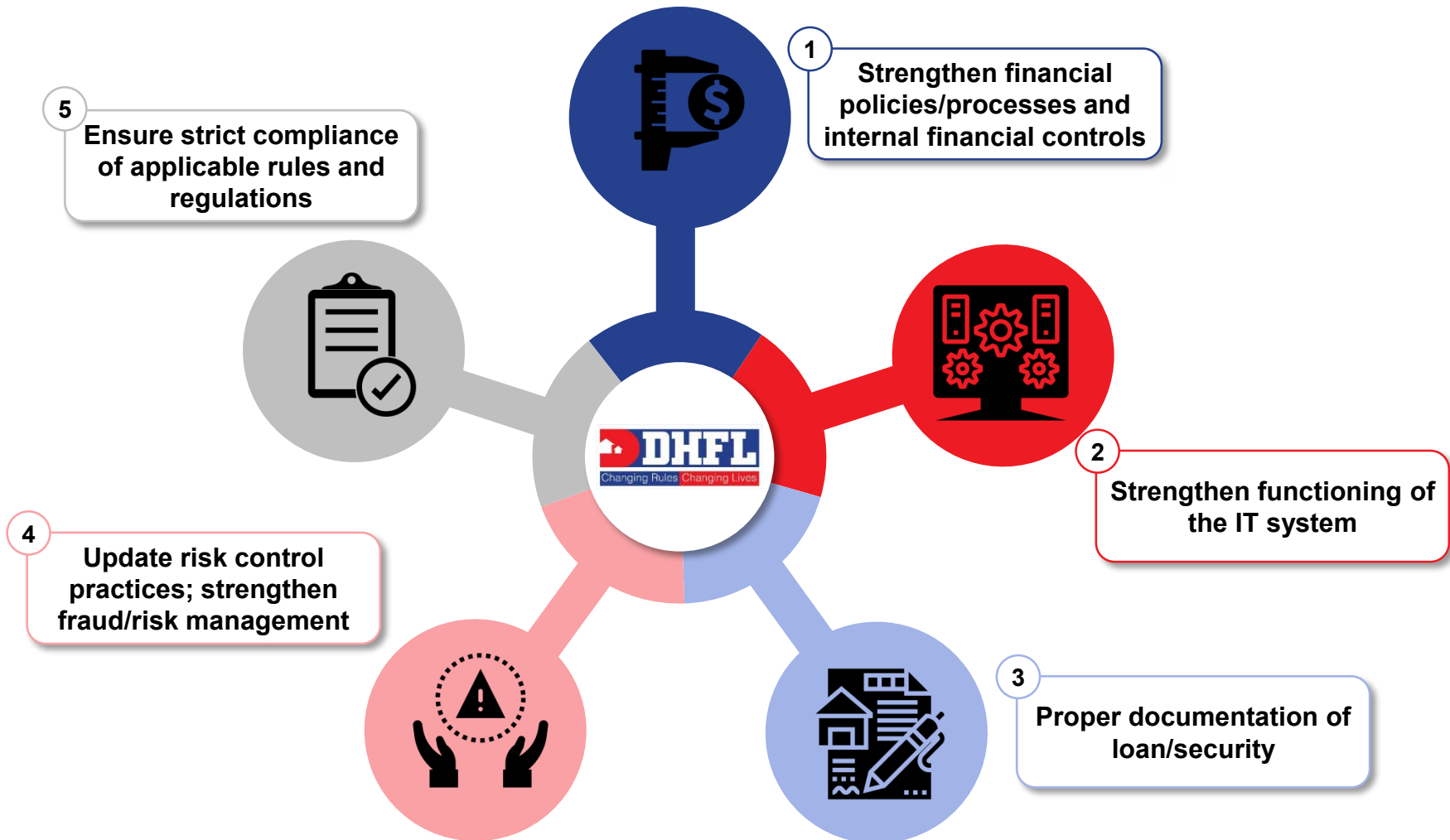


Granular retail loan book with high potential for securitisation



# Strategy to operate as a 'Going Concern'

Pursue various initiatives to enhance enterprise value, increase transparency, improve corporate governance, control costs and increase interaction with stakeholders



## Key Developments: Improvement in internal policies and processes

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Retail lending policies reviewed so as to ensure booking of quality business and disbursements restarted based on revised policies.



Financial matrix reviewed and modified. Steps taken to reduce unproductive expenses, vendor rates renegotiated, and expenditure maintained within budget limits



Significant improvement in reconciliation of finances/ assets/ securitisation payouts/ receivables, documentation process and document storage



Additional measures introduced in Synergy software (eg LTV validation) to ensure strict compliance of regulatory guidelines

## Key Developments: Improvement in corporate governance and stakeholder involvement



Increased transparency and improved governance by forming internal committees (eg ALCo, ORMC, CRMC, IT Steering Committee) for discussions/decision making



OTS Policy, Refund Policy, etc reviewed to ensure transparent decisions. Committee approach introduced for OTS.



Internal audit coverage and compliance improved significantly



Regular meetings held with Advisory Committee to update them and seek suggestions for improvement



Continuous dialogue maintained with Committee of Creditors (CoC) to take approval for IBC process

# Key Developments: Engagement with external agencies to turnaround organisation



EY appointed as IBC process advisor. Deep involvement of EY across functions to increase transparency and improve processes



IT audit conducted by KPMG and gaps identified currently being resolved/implemented by the Company team



Risk Control Mechanism (RCM) preparation done by EY to improve operational and financial controls



AZB appointed legal advisor for legal advice on operational issues as well as IBC process



Grant Thornton appointed to conduct transaction audit in terms of the provisions of the IBC Code and regulations thereunder. In addition, KPMG appointed by creditors to conduct special audit

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# Thank You



# Annexure 1

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## 9 Quarter Financial Results (Q1FY19-Q1FY21) and Ratio Calculations

## 9 Qtrs P&L Statement (Standalone)

(values in Rs crore)

	Q1FY21	Q4FY20	Q3FY20	Q2FY20	Q1FY20	Q4FY19	Q3FY19	Q2FY19	Q1FY19	FY20	FY19
Interest Income	2,315.9	2,373.2	2,412.4	2,092.0	2,378.6	2,999.4	3,257.7	3,286.3	2,970.3	9,256.2	12,513.7
Interest Expenses	57.5	133.1	1,423.3	2,009.8	2,159.0	2,349.3	2,410.3	2,440.2	2,193.1	5,725.2	9,392.9
<b>Net Interest Income (NII)</b>	<b>2,258.4</b>	<b>2,240.1</b>	<b>989.1</b>	<b>82.2</b>	<b>219.7</b>	<b>650.2</b>	<b>847.4</b>	<b>846.1</b>	<b>777.1</b>	<b>3,531.0</b>	<b>3,120.8</b>
Non Interest Income	13.0	19.0	24.5	22.2	21.3	(32.7)	74.3	200.6	146.7	86.9	388.9
<b>Total Income</b>	<b>2,328.9</b>	<b>2,392.2</b>	<b>2,436.9</b>	<b>2,114.2</b>	<b>2,399.9</b>	<b>2,966.8</b>	<b>3,331.9</b>	<b>3,486.9</b>	<b>3,116.9</b>	<b>9,343.1</b>	<b>12,902.5</b>
Non Interest Expenses	112.2	144.1	148.3	173.3	162.6	413.0	217.4	262.1	238.8	628.3	1,131.3
:Salary Expenses	56.5	61.7	67.3	69.1	85.2	103.8	122.8	127.8	131.0	283.3	485.3
:Other Expenses	35.3	42.4	68.6	93.8	60.8	291.6	81.6	122.5	99.2	265.6	594.8
:Depreciation and Amortisation	20.5	39.9	12.4	10.5	16.7	17.6	13.1	11.9	8.6	79.4	51.2
<b>Total Expenses</b>	<b>169.8</b>	<b>277.2</b>	<b>1,571.6</b>	<b>2,183.1</b>	<b>2,321.6</b>	<b>2,762.3</b>	<b>2,627.7</b>	<b>2,702.3</b>	<b>2,431.9</b>	<b>6,353.5</b>	<b>10,524.2</b>
<b>Pre Provisioning Profit</b>	<b>2,159.1</b>	<b>2,115.0</b>	<b>865.3</b>	<b>(69.0)</b>	<b>78.3</b>	<b>204.5</b>	<b>704.2</b>	<b>784.6</b>	<b>685.1</b>	<b>2,989.6</b>	<b>2,378.4</b>
Provisions and Write Off	2,066.3	12,411.9	1,033.1	7,515.5	277.1	3,112.1	232.7	151.7	46.8	21,237.6	3,543.4
:Impairment on financial instruments	221.7	8.7	(134.8)	6,326.6	40.7	729.5	132.2	19.0	204.3	6,241.1	1,085.0
: Net loss on fair value changes	1,844.6	12,403.3	1,167.9	1,188.9	236.4	2,382.6	100.5	132.74	(157.5)	14,996.5	2,458.4
<b>Pre tax Profit</b>	<b>92.8</b>	<b>(10,296.9)</b>	<b>(167.8)</b>	<b>(7,584.4)</b>	<b>(198.9)</b>	<b>(2,907.6)</b>	<b>471.5</b>	<b>632.9</b>	<b>638.2</b>	<b>(18,248.0)</b>	<b>(1,165.0)</b>
Tax	22.7	(2,662.0)	(1,102.2)	(879.1)	7.6	(684.2)	157.9	194.1	203.2	(4,635.7)	(128.9)
<b>Net Profit</b>	<b>70.1</b>	<b>(7,634.9)</b>	<b>934.4</b>	<b>(6,705.4)</b>	<b>(206.4)</b>	<b>(2,223.4)</b>	<b>313.6</b>	<b>438.7</b>	<b>435.0</b>	<b>(13,612.3)</b>	<b>(1,036.1)</b>
Total Comprehensive Income	69.8	(7,486.0)	894.6	(6,759.7)	(224.0)	(2,243.5)	286.9	467.6	471.9	(13,575.2)	(1,017.1)

Interest expenses not accrued under CIRP norms post CIRP commencement date (3 Dec 2019); Company has not provided for interest amount Rs 528 cr (Gross)/ Rs 392 cr (Net) in Q3FY20; Rs 1,834 cr (Gross)/ Rs 1,364 cr (Net) in Q4FY20 and Rs 1,824 cr (Gross)/ Rs 1,356 cr (Net) in Q1FY21

## 9 Qtrs Ratio Analysis

	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19	FY20	FY19
<b>KEY RATIOS REPORTED</b>											
NIM % (annualized)	13.73%	12.31%	4.93%	0.38%	0.93%	2.62%	3.19%	3.18%	3.20%	4.30%	3.27%
Opex/ Net Income Ratio * ^	4.04%	4.61%	13.41%	156.07%	60.59%	64.03%	22.17%	23.91%	24.92%	15.17%	30.78%
RoE	N/A	N/A	246.03%	-598.7%	-10.33%	-94.33%	11.86%	17.35%	18.25%	-1061.8%	-11.95%
RoA	0.43%	-41.97%	4.66%	-31.30%	-0.88%	-8.95%	1.18%	1.65%	1.79%	-16.58%	-1.08%
Interest income to loan assets (annualized)	14.08%	13.05%	12.02%	9.77%	10.12%	12.07%	12.25%	12.35%	12.24%	11.28%	13.10%
<b>KEY OPERATING RATIOS *</b>											
Opex/Interest Income	3.96%	4.39%	5.64%	7.78%	6.14%	13.18%	6.27%	7.61%	7.75%	5.93%	8.63%
Opex/Net Interest Income	4.06%	4.65%	13.75%	198.18%	66.45%	60.81%	24.11%	29.57%	29.62%	15.55%	34.61%
Opex/Total Income	3.94%	4.35%	5.58%	7.70%	6.08%	13.33%	6.13%	7.18%	7.39%	5.88%	8.37%
Interest Expense/Interest Income	2.48%	5.61%	59.00%	96.07%	90.77%	78.32%	73.99%	74.25%	73.84%	61.85%	75.06%
Other Income/Total Income	0.56%	0.79%	1.01%	1.05%	0.89%	-1.10%	2.23%	5.75%	4.71%	0.93%	3.01%
Employee Expense as % of Total Opex	61.59%	59.26%	49.53%	42.40%	58.37%	26.25%	60.09%	51.06%	56.91%	51.61%	44.93%
Employee Expense as % of Total Income	2.43%	2.58%	2.76%	3.27%	3.55%	3.50%	3.68%	3.66%	4.20%	3.03%	3.76%

\* Opex includes Salary Expense and Other Expenses; and excludes Depreciation

^ Net Income is Total Income – Interest Expenses (normalised)

Interest expenses not accrued under CIRP norms post CIRP commencement date (3 Dec 2019); Company has not provided for interest amount Rs 528 cr (Gross)/ Rs 392 cr (Net) in Q3FY20; Rs 1,834 cr (Gross)/ Rs 1,364 cr (Net) in Q4FY20 and Rs 1,824 cr (Gross)/ Rs 1,356 cr (Net) in Q1FY21

## 9 Qtrs P&L Statement – with Normalised Interest Expenses \*\*

(values in Rs crore)

	Q1FY21	Q4FY20	Q3FY20	Q2FY20	Q1FY20	Q4FY19	Q3FY19	Q2FY19	Q1FY19	FY20	FY19
Interest Income	2,315.9	2,373.2	2,412.4	2,092.0	2,378.6	2,999.4	3,257.7	3,286.3	2,970.3	9,256.2	12,513.7
Interest Expenses	1,881.5	1,966.8	1,950.9	2,009.8	2,159.0	2,349.3	2,410.3	2,440.2	2,193.1	8,086.5	9,392.9
<b>Net Interest Income (NII)</b>	<b>434.4</b>	<b>406.4</b>	<b>461.5</b>	<b>82.2</b>	<b>219.7</b>	<b>650.2</b>	<b>847.4</b>	<b>846.1</b>	<b>777.1</b>	<b>1,169.7</b>	<b>3,120.8</b>
Non Interest Income	13.0	19.0	24.5	22.2	21.3	(32.7)	74.3	200.6	146.7	86.9	388.9
<b>Total Income</b>	<b>2,328.9</b>	<b>2,392.2</b>	<b>2,436.9</b>	<b>2,114.2</b>	<b>2,399.9</b>	<b>2,966.8</b>	<b>3,331.9</b>	<b>3,486.9</b>	<b>3,116.9</b>	<b>9,343.1</b>	<b>12,902.5</b>
Non Interest Expenses	112.2	144.1	148.3	173.3	162.6	413.0	217.4	262.1	238.8	628.3	1,131.3
:Salary Expenses	56.5	61.7	67.3	69.1	85.2	103.8	122.8	127.8	131.0	283.3	485.3
:Other Expenses	35.3	42.4	68.6	93.8	60.8	291.6	81.6	122.5	99.2	265.6	594.8
:Depreciation and Amortisation	20.5	39.9	12.4	10.5	16.7	17.6	13.1	11.9	8.6	79.4	51.2
<b>Total Expenses</b>	<b>1,993.7</b>	<b>2,110.9</b>	<b>2,099.3</b>	<b>2,183.1</b>	<b>2,321.6</b>	<b>2,762.3</b>	<b>2,627.7</b>	<b>2,702.3</b>	<b>2,431.9</b>	<b>8,714.8</b>	<b>10,524.2</b>
<b>Pre Provisioning Profit</b>	<b>335.2</b>	<b>281.3</b>	<b>337.7</b>	<b>(69.0)</b>	<b>78.3</b>	<b>204.5</b>	<b>704.2</b>	<b>784.6</b>	<b>685.1</b>	<b>628.3</b>	<b>2,378.4</b>
Provisions and Write Off	2,066.3	12,411.9	1,033.1	7,515.5	277.1	3,112.1	232.7	151.7	46.8	21,237.6	3,543.4
:Impairment on financial instruments	221.7	8.7	(134.8)	6,326.6	40.7	729.5	132.2	19.0	204.3	6,241.1	1,085.0
: Net loss on fair value changes	1,844.6	12,403.3	1,167.9	1,188.9	236.4	2,382.6	100.5	132.74	(157.5)	14,996.5	2,458.4
<b>Pre tax Profit</b>	<b>(1,731.1)</b>	<b>(12,130.6)</b>	<b>(695.4)</b>	<b>(7,584.4)</b>	<b>(198.9)</b>	<b>(2,907.6)</b>	<b>471.5</b>	<b>632.9</b>	<b>638.2</b>	<b>(20,609.3)</b>	<b>(1,165.0)</b>
Tax	(444.8)	(3,132.0)	(1,237.4)	(879.1)	7.6	(684.2)	157.9	194.1	203.2	(5,240.9)	(128.9)
<b>Net Profit</b>	<b>(1,286.4)</b>	<b>(8,998.6)</b>	<b>542.0</b>	<b>(6,705.4)</b>	<b>(206.4)</b>	<b>(2,223.4)</b>	<b>313.6</b>	<b>438.7</b>	<b>435.0</b>	<b>(15,368.4)</b>	<b>(1,036.1)</b>
Total Comprehensive Income	(1,286.7)	(8,849.8)	502.2	(6,759.7)	(224.0)	(2,243.5)	286.9	467.6	471.9	(15,331.3)	(1,017.1)

\*\* Interest expenses not accrued under CIRP norms post CIRP commencement date (3 Dec 2019) have been added back for normalised financials; Company has not provided for interest amount Rs 528 cr (Gross)/ Rs 392 cr (Net) in Q3FY20; Rs 1,834 cr (Gross)/ Rs 1,364 cr (Net) in Q4FY20 and Rs 1,824 cr (Gross)/ Rs 1,356 cr (Net) in Q1FY21

## 9 Qtrs Ratio Analysis – with Normalised Interest Expenses \*\*

	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	Q1 FY20	Q4 FY19	Q3 FY19	Q2 FY19	Q1 FY19	FY20	FY19
<b>KEY RATIOS REPORTED</b>											
NIM % (annualized)	2.64%	2.23%	2.30%	0.38%	0.93%	2.62%	3.19%	3.18%	3.20%	1.42%	3.27%
Opex/ Net Income Ratio * ^	20.51%	24.48%	27.98%	156.07%	60.59%	64.03%	22.17%	23.91%	24.92%	43.68%	30.78%
RoE	N/A	N/A	163.87%	-598.7%	-10.33%	-94.33%	11.86%	17.35%	18.25%	-3804.1%	-11.95%
RoA	-7.82%	-49.47%	2.70%	-31.30%	-0.88%	-8.95%	1.18%	1.65%	1.79%	-18.72%	-1.08%
Interest income to loan assets (annualized)	14.08%	13.05%	12.02%	9.77%	10.12%	12.07%	12.25%	12.35%	12.24%	11.28%	13.10%
<b>KEY OPERATING RATIOS *</b>											
Opex/Interest Income	3.96%	4.39%	5.64%	7.78%	6.14%	13.18%	6.27%	7.61%	7.75%	5.93%	8.63%
Opex/Net Interest Income	21.12%	25.62%	29.46%	198.18%	66.45%	60.81%	24.11%	29.57%	29.62%	46.93%	34.61%
Opex/Total Income	3.94%	4.35%	5.58%	7.70%	6.08%	13.33%	6.13%	7.18%	7.39%	5.88%	8.37%
Interest Expense/Interest Income	81.24%	82.88%	80.87%	96.07%	90.77%	78.32%	73.99%	74.25%	73.84%	87.36%	75.06%
Other Income/Total Income	0.56%	0.79%	1.01%	1.05%	0.89%	-1.10%	2.23%	5.75%	4.71%	0.93%	3.01%
Employee Expense as % of Total Opex	61.59%	59.26%	49.53%	42.40%	58.37%	26.25%	60.09%	51.06%	56.91%	51.61%	44.93%
Employee Expense as % of Total Income	2.43%	2.58%	2.76%	3.27%	3.55%	3.50%	3.68%	3.66%	4.20%	3.03%	3.76%

\* Opex includes Salary Expense and Other Expenses; and excludes Depreciation

^ Net Income is Total Income – Interest Expenses (normalised)

\*\* Interest expenses not accrued under CIRP norms post CIRP commencement date (3 Dec 2019) have been added back for normalised financials; Company has not provided for interest amount Rs 528 cr (Gross)/ Rs 392 cr (Net) in Q3FY20; Rs 1,834 cr (Gross)/ Rs 1,364 cr (Net) in Q4FY20 and Rs 1,824 cr (Gross)/ Rs 1,356 cr (Net) in Q1FY21